

Expedited Bill No. 9 -10
Concerning: Personnel – Retirement
Incentive Program
Revised: April 20, 2010 Draft No. 3
Introduced: March 23, 2010
Enacted: April 27, 2010
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) provide a retirement incentive program for certain members of the Employees' Retirement System; and
- (2) generally amend the law regarding the Employees' Retirement System.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-40, 33-42, and 33-44

By adding

Montgomery County Code
Chapter 33, Personnel and Human Resources
Section 33-42A

| | |
|------------------------------|--|
| Boldface | <i>Heading or defined term.</i> |
| <u>Underlining</u> | <i>Added to existing law by original bill.</i> |
| [Single boldface brackets] | <i>Deleted from existing law by original bill.</i> |
| <u>Double underlining</u> | <i>Added by amendment.</i> |
| [[Double boldface brackets]] | <i>Deleted from existing law or the bill by amendment.</i> |
| * * * | <i>Existing law unaffected by bill.</i> |

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 33-40, 33-42, and 33-44 are amended as follows:

Sec. 33-40. Employer Contributions

* * *

(e) Guaranteed Retirement Income Plan

* * *

(4) For any member who received a contribution to the member's guaranteed retirement income plan account under Section 33-42A, interest must be credited at an annual rate of 7.25%. If the annual 7.25% interest rate does not comply with applicable law, the third segment rate described in Internal Revenue Code Section 430(h)(2)(G) or any successor provision must apply. Interest must be credited to a member's guaranteed retirement income plan account balance on a monthly basis as of the last day of the month.

33-42. Amount of pension at normal retirement date or early retirement date.

* * *

(b) Amount of pension at normal retirement date.

(4) Guaranteed retirement income plan. A member who retires on or after the member's normal retirement date, except a member who receives a contribution under Section 33-42A, may receive that member's vested guaranteed retirement income plan account balance under Section 33-44. A member who receives a contribution under Section 33-42A must not receive a distribution of the member's guaranteed retirement income plan account balance until the member attains the Social Security retirement age.

* * *

33-44. Pension payment options and cost-of-living adjustments.

* * *

(g) *Distributions from the Guaranteed Retirement Income Plan.* [Upon termination of County employment, a] A participant who receives a contribution under Section 33-42A must not receive a distribution until the participant attains the Social Security retirement age. Any other participant may receive a distribution when the participant terminates County employment.

A participant may [request] elect a distribution from the guaranteed retirement income plan of a participant's vested guaranteed retirement income plan account balance as follows:[]

(1) Lump Sum Method of Distribution. Unless a participant elects an annuity under paragraph (2), a participant must receive the participant's vested guaranteed retirement income plan account balance in a single lump sum. The participant may have the lump sum paid as a direct rollover to an eligible retirement plan, as defined in the Internal Revenue Code.

(2) Annuity Method of Distribution. A participant may elect to receive the participant's guaranteed retirement income plan account balance paid in:

(A) a single life annuity payable to the participant during the life of that participant; or

(B) a joint and survivor annuity payable to the participant over the participant's lifetime and, at the participant's death, payable to the designated beneficiary (spouse, domestic partner, or children only) who survives. Payments must be made for the designated beneficiary's

lifetime in the amount payable to the participant or another amount elected by the participant, but not less than 10 percent of the amount payable to the participant.

[The Board must use the participant's vested guaranteed retirement income plan account balance to buy an annuity contract from an insurance company authorized to do business in the State.]

- (3) No other form of payment options listed in this Section is available to guaranteed retirement income plan participants.

Sec. 2. Section 33-42A is added as follows:

33-42A. 2010 Retirement Incentive Program.

(a) Definitions.

Affected class means an occupational class or a group of occupational classes in a department, including all classes in an occupational series at and below the budget level class, if:

- (1) the class includes a position that the department director intends to eliminate; and
- (2) eliminating the position may cause an employee in the class to be demoted or terminated.

Affected employee means an employee assigned to a position in an affected class who has received a notice of intent or notification of a Reduction in Force (RIF).

Enhanced retiree life insurance benefit means no reduction in any provided basic life insurance benefit for the first 10 years after the employee's retirement date.

Enhanced retiree health plan cost sharing benefit means a County contribution of 90% of the premium for individual coverage for any

health insurance plan provided by the County for the first 5 years after the employee's retirement date.

(b) Eligibility.

(1) A Group A, E or H member who is employed in a part time or full time position may apply to participate in the 2010 Retirement Incentive Program if the member:

(A) is eligible for:

(i) normal retirement on or before June 1, 2010; or

(ii) early retirement, and is within 2 years of meeting the criteria for normal retirement on June 1, 2010; and

(B) is an affected employee.

(2) A member is not eligible to participate in the 2010 Retirement Incentive Program if the member:

(A) receives a disability retirement under Section 33-43;

(B) receives a discontinued service retirement under Section 33-45(d);

(C) is an elected or appointed official; or

(D) is employed by a participating agency.

(3) A member must apply to participate in the 2010 Retirement Incentive Program, must complete all required forms by May 14, 2010, and must retire on June 1, 2010.

(4) A member who applies for a disability retirement under Section 33-43 must not receive any benefit under this Section unless the member's application for disability retirement is denied and all appeals from that denial are exhausted.

(c) Early retirement reduction. A member's pension benefit must not be reduced for early retirement if the member is eligible for early retirement and within 2 years of eligibility for normal retirement.

(d) Additional Retirement Benefit. In addition to the pension benefit calculated under this Section, a participant must elect one of the following additional retirement benefits. A part time participant must receive a pro-rata portion of the applicable retirement benefit, based on that participant's percent of budgeted full time employment.

(1) \$35,000 pension benefit;

(2) \$30,000 pension benefit and an enhanced retiree life insurance benefit; or

(3) \$28,000 pension benefit and an enhanced retiree health plan cost sharing benefit.

(e) The participant must elect to receive the cash portion of the additional pension benefit paid under Subsection (d) as:

(1) a single lump sum on July 1, 2010:

(A) to the member or the member's designated beneficiary if the member dies before receiving the lump sum payment;

(B) as a direct rollover to an eligible retirement plan (as defined in the Internal Revenue Code); or

(C) a combination of (A) and (B);

(2) 12 equal monthly payments beginning on July 1, 2010:

(A) to the member or the member's designated beneficiary if the member dies before receiving all 12 payments;

(B) as a direct rollover to an eligible retirement plan (as defined in the Internal Revenue Code); or

(C) a combination of (A) and (B);

(3) a contribution to an account established for the member under the guaranteed retirement income plan. A member must receive the member's guaranteed retirement income plan account balance when the member attains the Social Security retirement age; or

(4) an additional pension benefit paid over the member's lifetime in the pension option elected by the member under Section 33-44, beginning on July 1, 2010.

(f) Cost of Living. Any cost of living adjustment does not apply to this benefit. A cost of living adjustment under Section 33-44(c) must not include the additional pension benefit paid under this Section.

(g) Approval. The Chief Administrative Officer must approve a request to participate in the program from a member employed in the Executive Branch. The Council Staff Director must approve a request to participate from a member employed in the Legislative Branch. The Chief Administrative Officer and the Council Staff Director must not approve more applications from an affected class than the number of positions that are abolished in the affected class. The Chief Administrative Officer and the Council Staff Director may disapprove an application if a vacancy created by a member participating in the program cannot be filled by a member of an affected class. If more members apply to participate in the program than the number of positions abolished, the [[participant's]] participants must be approved in order of County seniority[. Seniority must be] calculated under the RIF personnel regulation in the following order:

(1) participants who applied for the proposed 2009 Retirement Incentive Program; and

162 (2) all other participants.

163 (h) Repayment. A participant must repay the lump sum benefit received
164 to the Employees' Retirement System Trust Fund before returning to
165 County service as an employee or under a contract.

166 **Sec. 3. Reports.**

167 By July 1, 2010, the Executive must submit a report to the Council that lists
168 the number of employees in each affected class within each department or office
169 who, due to the abolishment of positions in the approved FY11 operating budget,
170 either:

171 (a) retired with a discontinued service pension; or

172 (b) participated in the retirement incentive program.

173 The Executive's Recommended Budgets for FY12, FY13, and FY14 must
174 compare the number of positions in each class of positions eligible for the
175 retirement incentive program approved for funding in FY11 with the number of
176 positions in the same class recommended for funding in the recommended budget.

177 **Sec. 4. Effective Date.**

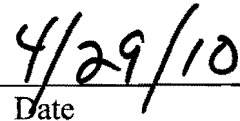
178 The Council declares that this legislation is necessary for the immediate
179 protection of the public interest. This Act takes effect on the date when it becomes
180 law.

181 *Approved:*

182

183





Nancy Floreen, President, County Council

Date

184 *Approved:*

185

Isiah Leggett, County Executive

Date

186 *This is a correct copy of Council action.*

187

Linda M. Lauer, Clerk of the Council

Date